

**FORTIETH JUDICIAL DISTRICT  
COURT  
ST. JOHN THE BAPTIST PARISH  
EDGARD, LOUISIANA  
ANNUAL FINANCIAL REPORT  
DECEMBER 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/8/07



STAGNI & COMPANY, LLC

**FORTIETH JUDICIAL DISTRICT COURT  
ANNUAL FINANCIAL REPORT**

December 31, 2006

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**FORTIETH JUDICIAL DISTRICT COURT**  
**St. John the Baptist Parish**  
**Edgard, Louisiana**  
As of and for the Year Ended December 31, 2006

**JUDGES**

*Division A*

*Honorable Madeline Jasmine*

*Division B*

*Honorable Mary Hotard Becnel*

*Division C*

*Honorable J. Sterling Snowdy*

**FORTIETH JUDICIAL DISTRICT COURT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2006*

This discussion and analysis of the Fortieth Judicial District Court's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2006. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

**Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating.

**FORTIETH JUDICIAL DISTRICT COURT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2006*

***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws. The Fortieth Judicial District Court uses only the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

***FINANCIAL HIGHLIGHTS***

Our financial statements provide these insights into the results of this year's operations:

- As a result of this year's operations assets exceeded liabilities by \$335,045 (net assets).
- Total net assets are comprised of the following:
  - (1) Investment in capital assets of \$15,140 including the cost of office equipment and furniture, net of accumulated depreciation.
  - (2) Unrestricted net assets of \$319,905 representing the portion available to maintain the continuing obligations to citizens and creditors.
- The governmental funds reported total ending fund balance of \$319,905, of which all was considered unreserved. This compares to the prior year ending fund balance – of \$285,673, showing an increase of \$34,232 during the current year.
- Total spending for all judicial activities was \$370,181 for the year, which was \$19,932 less than the program revenues (\$390,113) for these activities.

***FINANCIAL ANALYSIS AS A WHOLE (GWFS)***

The Statement of Net Assets and the Statement of Activities reports on only one type of activity – governmental activities. Most of the basic instructional and support services are reported as this type. Operating grants and contributions and criminal and civil fees charged finance most of these activities.

**FORTIETH JUDICIAL DISTRICT COURT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2006*

Our analysis below focuses on the net assets of the governmental-type activities:

Condensed Statement of Net Assets				
	2006	2005	Increase (Decrease)	Total Percent Change
Current and Other Assets	\$ 336,235	\$ 303,822	\$ 32,413	10.7%
Capital Assets	15,140	13,988	1,152	8.2%
<b>Total Assets</b>	<b>351,375</b>	<b>317,810</b>	<b>33,565</b>	<b>10.6%</b>
Current Liabilities	16,330	18,151	(1,821)	-10.0%
<b>Total Liabilities</b>	<b>16,330</b>	<b>18,151</b>	<b>(1,821)</b>	<b>-10.0%</b>
Invested in Capital Assets	15,140	13,988	1,152	8.2%
Unrestricted	319,905	285,671	34,234	12.0%
<b>Total Net Assets</b>	<b>\$ 335,045</b>	<b>\$ 299,659</b>	<b>\$ 35,386</b>	<b>11.8%</b>

Net assets increased by \$35,386 as a result of this year's operations, which indicates that the overall financial position improved during the year. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed most of the increase this year. The balance in net assets represents the accumulated results of all past years' operations.

Condensed Statement of Activities				
	2006	2005	Increase (Decrease)	Total Percent Change
Charges for Services	\$ 87,574	\$ 93,522	(5,948)	-6.4%
Operating Grants and Contributions	302,539	308,719	(6,180)	-2.0%
<b>Program Expenses:</b>				
Current	364,801	384,825	(20,024)	-5.2%
Depreciation - unallocated	5,380	5,171	209	4.0%
<b>Total program expenses</b>	<b>370,181</b>	<b>389,996</b>	<b>(19,815)</b>	<b>-5.1%</b>
<b>Net program income</b>	<b>19,932</b>	<b>12,245</b>	<b>(7,687)</b>	<b>62.8%</b>
General revenues	15,453	604	14,849	2458.4%
<b>Change in Net Assets</b>	<b>35,385</b>	<b>12,849</b>	<b>22,536</b>	<b>2521.2%</b>

**FORTIETH JUDICIAL DISTRICT COURT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2006*

<b>Net Assets:</b>				
Beginning of the year	<u>299,660</u>	<u>286,810</u>	<u>12,850</u>	<u>4.5%</u>
End of the year	<u>\$335,045</u>	<u>\$299,659</u>	<u>\$35,386</u>	<u>11.8%</u>

Total revenues for the year in governmental activities were \$405,566 (\$390,113 in program revenues and \$15,453 in general revenues). The total cost of all judicial programs and services was \$370,181 with no new programs added this year.

**FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)**

The Fortieth Judicial District Court uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the Court is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The governmental funds reported a combined fund balance of \$319,905. This reflects an increase of \$34,234 from last year. This increase is primarily the result of the events and programs described within the analysis of the governmental activities.

Condensed Balance Sheet

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>	<u>Total Percent Change</u>
<b>Total Current Assets</b>	\$ 336,235	\$ 303,822	\$ 32,413	10.7%
<b>Total Current Liabilities</b>	16,330	18,151	(1,821)	-10.0%
<b>Fund Equity:</b>				
Unreserved	<u>319,905</u>	<u>285,671</u>	<u>34,234</u>	<u>12.0%</u>
<b>Total fund equity</b>	<u>319,905</u>	<u>285,671</u>	<u>34,234</u>	<u>12.0%</u>
<b>Total Liabilities and Equity</b>	\$ 336,235	\$ 303,822	\$ 32,413	10.7%

**FORTIETH JUDICIAL DISTRICT COURT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2006*

Condensed Statement of Revenues, Expenditures  
and Changes in Fund Balances

	2005	2005	Increase (Decrease)	Total Percent Change
<b>Total Revenues</b>	\$ 405,566	\$ 402,845	\$ 2,721	0.7%
<b>Expenditures:</b>				
Current	364,801	384,825	(20,024)	-5.2%
Capital Outlay	6,533	3,516	3,017	85.8%
<b>Total</b>	<b>371,334</b>	<b>388,341</b>	<b>(17,007)</b>	<b>-4.4%</b>
<b>Excess (Deficiency)</b>	34,232	14,504	19,728	136.0%
<b>Fund Balance:</b>				
Beginning of the year	285,673	271,167	14,506	5.3%
End of the year	<u>\$ 319,905</u>	<u>\$ 285,671</u>	<u>\$ 34,234</u>	<u>12.0%</u>

**CAPITAL ASSETS**

The investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2006 and 2005 was \$15,141 and \$13,987 respectively.

	2006	2005
Division A	\$ 66,574	\$ 65,924
Division B	47,534	46,354
Division C	44,763	41,310
Adult Drug Court	19,506	18,446
Fins	1,879	1,689
<b>Total Cost</b>	<b>180,256</b>	<b>173,723</b>
<b>Accumulated Depreciation</b>	<b>165,116</b>	<b>159,736</b>
<b>Net Capital Assets</b>	<u><b>\$ 15,140</b></u>	<u><b>\$ 13,987</b></u>
<b>Depreciation Expense</b>	<u><b>\$ 5,380</b></u>	<u><b>\$ 5,171</b></u>

**FORTIETH JUDICIAL DISTRICT COURT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2006*

This year there was \$6,534 of additions, reflecting the net increase in capital assets. More detailed information about the capital assets is presented in Note 4 to the financial statements.

**CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Fortieth Judicial District Court's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Honorable Judge Sterling Snowdy, Chief Judge,  
P.O. Box 308,  
Edgard, LA 70049  
Phone number 985-497-5580.

## ***FINANCIAL SECTION***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## ***INDEPENDENT AUDITOR'S REPORT***

To the Judges of the Fortieth Judicial District Court  
St. John the Baptist Parish  
Edgard, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fortieth Judicial District Court, a component unit of St. John the Baptist Parish as of and for the year ended December 31, 2006 which collectively comprise the basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Fortieth Judicial District Court. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Fortieth Judicial District Court as of December 31, 2006, and the respective changes in financial position for the year then ended, in conformity with auditing standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2007, on our consideration of the Fortieth Judicial District Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

To the Judges of the Fortieth Judicial District Court  
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Management's Discussion and Analysis, as listed in the foregoing table of contents, is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fortieth Judicial District Court's basic financial statements. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Fortieth Judicial District Court. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Stagni & Company*

Thibodaux, Louisiana  
June 20, 2007



**FORTIETH JUDICIAL DISTRICT COURT  
ST. JOHN THE BAPTIST PARISH**

Statement of Net Assets - Governmental Activities  
December 31, 2006

**ASSETS**

Cash and cash equivalents	\$ 308,665
Receivables	27,570
Capital Assets, net of depreciation	<u>15,140</u>
<b>TOTAL ASSETS</b>	<u><b>351,375</b></u>

**LIABILITIES**

Due to other governments	<u>16,330</u>
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**NET ASSETS**

Invested in capital assets	15,140
Unrestricted	<u>319,905</u>
<b>TOTAL NET ASSETS</b>	<u><b>\$ 335,045</b></u>

See Notes to Financial Statements.

**FORTIETH JUDICIAL DISTRICT COURT****ST. JOHN THE BAPTIST PARISH**

Statement of Activities - Governmental Activities  
For the Year Ended December 31, 2006

FUNCTIONS/PROGRAMS	Program Revenue			Net (Expense) Revenue
	Expenses	Charges for services	Operating Grants	
Judicial activities:	\$370,181	\$ 87,574	\$ 302,539	\$ 19,932
Total governmental activities	<u>370,181</u>	<u>87,574</u>	<u>302,539</u>	<u>19,932</u>
<b>GENERAL REVENUES</b>				
Interest earned				<u>15,453</u>
TOTAL GENERAL REVENUES				<u>15,453</u>
CHANGE IN NET ASSETS				35,385
<b>NET ASSETS:</b>				
Beginning of year				<u>299,660</u>
End of year				<u>\$ 335,045</u>

See notes to financial statements.

**FORTIETH JUDICIAL DISTRICT COURT**  
**ST. JOHN THE BAPTIST PARISH**  
 Balance Sheet - Governmental Funds  
 December 31, 2006

	General Fund	Adult Drug Court	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 258,254	\$ 36,629	\$ 13,782	\$ 308,665
Receivables	4,147	19,761	3,662	27,570
<b>TOTAL ASSETS</b>	<b>\$ 262,401</b>	<b>\$ 56,390</b>	<b>\$ 17,444</b>	<b>\$336,235</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable & accrued liabilities	\$ 4,167	\$ 11,768	\$ 395	\$ 16,330
Total liabilities	4,167	11,768	395	16,330
Fund Balances:				
Unreserved - undesignated	258,234	44,622	17,049	319,905
Total fund balances	258,234	44,622	17,049	319,905
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 262,401</b>	<b>\$ 56,390</b>	<b>\$ 17,444</b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds - net book value:

	15,140
Net assets of governmental activities	<u>\$ 335,045</u>

See notes to financial statements.

**FORTIETH JUDICIAL DISTRICT COURT  
ST. JOHN THE BAPTIST PARISH**

Statement D

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
For the Year Ended December 31, 2006

	General Fund	Adult Drug Court	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>				
Criminal Fees	\$ 58,885	\$ 1,510	\$ 5,114	\$ 65,509
Civil Fees	22,065			22,065
Supreme Court Reimbursements	21,893			21,893
Interest & Miscellaneous	9,591	5,834	28	15,453
Intergovernmental		237,126	43,520	280,646
Total Revenues	<u>112,434</u>	<u>244,470</u>	<u>48,662</u>	<u>405,566</u>
<b>EXPENDITURES - JUDICIAL:</b>				
Current:				
Advertising & Public Relations	608	1,664		2,272
Conferences & Dues	5,831	2,550	982	9,363
Equipment Lease	4,774			4,774
Jury & Court Lunches	1,881			1,881
Insurance		8,530		8,530
Misc & Bank Charges	173	10	68	251
Library	18,702			18,702
Office Supplies & Operations	15,572	5,749	2,479	23,800
Professional Fees	9,874	5,573	5,235	20,682
Rent Building		17,641		17,641
Repairs & Maintenance	2,873	5,512		8,385
Administrative Service		91,452		91,452
Testing & Laboratory		10,732	348	11,080
Payroll Taxes		8,129		8,129
Salary Reimbursement	11,039	10,817	32,067	53,923
Supplemental Pay	10,838			10,838
Telephone	3,850	8,420		12,270
Treatment Services		45,141		45,141
Travel & Training	10,189	2,907	2,591	15,687
Total current expenditures	<u>96,204</u>	<u>224,827</u>	<u>43,770</u>	<u>364,801</u>
Capital outlay	<u>5,283</u>	<u>1,060</u>	<u>190</u>	<u>6,533</u>
Total Expenditures	<u>101,487</u>	<u>225,887</u>	<u>43,960</u>	<u>371,334</u>
Excess (Deficiency) of Revenues Over Expenditures	10,947	18,583	4,702	34,232
<b>FUND BALANCES</b>				
Beginning of year	247,287	26,039	12,347	285,673
End of year	<u>\$258,234</u>	<u>\$44,622</u>	<u>\$17,049</u>	<u>\$319,905</u>
<b>RECONCILIATION:</b>				
Net change in fund balances—total governmental funds from above				\$ 34,232
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.				
	Capital outlays		6,533	
	Depreciation		(5,380)	
				1,153
Change in net assets - governmental activities				<u>\$ 35,385</u>

See notes to financial statements.

## **FORTIETH JUDICIAL DISTRICT COURT**

### **Notes to Financial Statements**

For the Year Ended December 31, 2006

#### **Introduction**

The Fortieth Judicial District Court was created by Act No. 52 of the 1984 regular Louisiana Legislative Session as a level of the judicial branch of government and is charged with trying all cases that involve the government and with the administration of justice within its jurisdiction, which encompasses all of St. John the Baptist Parish. The Fortieth Judicial District is comprised of three (3) independently elected judges with 6 year-terms.

#### **Note 1                      Summary of Significant Accounting Policies**

##### **A.      Basis of Presentation**

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

##### **B.      Reporting Entity**

Fortieth Judicial District Court judges are independently elected officials. However, the Fortieth Judicial District Court is fiscally dependent on the St. John the Baptist Parish Government for office space, courtrooms, and related utility costs, as well as partial funding of salary costs.

The accompanying financial statements present information only on the funds maintained by the Fortieth Judicial District Court and do not present information on the St. John the Baptist Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

##### **C.      Fund Accounting**

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are grouped into two broad categories as follows:

## **FORTIETH JUDICIAL DISTRICT COURT**

### **Notes to Financial Statements**

For the Year Ended December 31, 2006

#### **Note 1**

#### **Summary of Significant Accounting Policies (Continued)**

##### **C. Fund Accounting (Continued)**

##### **Governmental Fund Types**

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the Fortieth Judicial District Court's major governmental funds:

The General Fund – The Judicial Expense Fund was created by the State of Louisiana Act No. 52, House Bill No. 39 of the 1984 regular Legislative session. It authorized collection from every person filing any type of civil suit or proceeding and who is not otherwise exempted by law from the payment of court costs, a sum not to exceed fifteen dollars. In all criminal cases, there shall be collected an amount not to exceed seven dollars and fifty cents from every defendant who is convicted after a trial or other plea of guilty or who forfeits his bond. These costs are to be in addition to all other fines, costs or forfeitures imposed by law. Act 834, Section 571.11 of the 1993 Regular Legislative Session, authorizes all judgments of bond forfeitures resulting from the posting of surety bond in criminal proceeding in the State of Louisiana shall be collected by the district attorney. The district attorney shall distribute ten percent of all funds collected to the court fund of the parish where the bond was posted. In general, the funds may be used for any purpose or purposes connected with the incidental or related to proper administration or function of the offices of the individual judges.

Adult Drug Court – This fund receives revenue from a grant from the Louisiana Law Enforcement Commission and is administered by Division A.

## **FORTIETH JUDICIAL DISTRICT COURT**

### **Notes to Financial Statements**

For the Year Ended December 31, 2006

#### **Note 1**

#### **Summary of Significant Accounting Policies (Continued)**

##### **D. Measurement Focus / Basis of Accounting**

##### **Fund Financial Statements (FFS)**

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues** – Court fines and fees, and interest are recorded when earned and measurable.

**Expenditures** – The major expenditures are recorded when earned and payable or when incurred.

##### **Government-Wide Financial Statements (GWFS)**

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

# **FORTIETH JUDICIAL DISTRICT COURT**

## **Notes to Financial Statements**

For the Year Ended December 31, 2006

### **Note 1                      Summary of Significant Accounting Policies (Continued)**

#### **D.      Measurement Focus / Basis of Accounting (Continued)**

##### **Government-Wide Financial Statements (GWFS) (Continued)**

Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

#### **E.      Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

#### **F.      Investments**

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

#### **G.      Capital Assets**

Capital assets are capitalized at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture and equipment	5-7 years

## **FORTIETH JUDICIAL DISTRICT COURT**

### **Notes to Financial Statements**

For the Year Ended December 31, 2006

#### **Note 1                      Summary of Significant Accounting Policies (Continued)**

##### **H.      Restricted Net Assets**

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. imposed by law through constitutional provisions or enabling legislation.

##### **I.      Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

##### **J.      Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

#### **Note 2                      Deposits**

Demand (deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value. At December 31, 2006, the carrying amount of deposits was \$308,665 and the bank balance was \$316,055. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial credit risk is the risk that in an event of a bank failure, the district's deposits may not be returned to it. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposits insurance or the pledge of securities owned by the fiscal agent bank. The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all time equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**FORTIETH JUDICIAL DISTRICT COURT**  
**Notes to Financial Statements**  
For the Year Ended December 31, 2006

**Note 2                      Deposits (Continued)**

FDIC insurance and pledged securities valued at \$605,763 for 2006, secure these deposits from risk. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the District Court's name.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the entity that the fiscal agent has failed to pay deposited funds upon demand.

**Note 3                      Capital Assets**

Capital assets and depreciation activity for the year is as follows:

<b>Furniture &amp; Equipment:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Division A	\$65,924	\$ 650		\$ 66,574
Division B	46,354	1,180		47,534
Division C	41,310	3,453		44,763
Adult Drug Court	18,446	1,060		19,506
Fins	1,689	190		1,879
<b>Total Cost</b>	<b>\$173,723</b>	<b>\$ 6,533</b>		<b>\$ 180,256</b>
Less accumulated depreciation	\$159,736	\$5,380		\$165,116
<b>Furniture &amp; Equipment, net</b>	<b>\$13,987</b>			<b>\$15,140</b>

Depreciation expense for the year recorded for governmental activities was \$5,380.

**Note 4                      Risk Management**

The District Court is exposed to various risks of loss related to tort; theft of, damage to, or destruction of assets; errors and omissions; and injuries to the public; and natural disasters. To protect against these risks, the District Court has purchased commercial or other insurance for the losses to which it is exposed.

***REPORTS REQUIRED BY  
GOVERNMENT AUDITING  
STANDARDS***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Judges of the Fortieth Judicial District  
Terrebonne Parish, Louisiana

We have audited the basic financial statements of the governmental activities and each major fund of the Fortieth Judicial District Court, a component unit of the St. John the Baptist Parish Government for the year ended December 31, 2006 and have issued our report thereon dated June 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal controls.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the internal controls.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2003-1.

This report is intended for the information of management. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Stagni & Company*

Thibodaux, Louisiana  
June 20, 2007



**FORTIETH JUDICIAL DISTRICT COURT  
ST. JOHN THE BAPTIST PARISH  
Edgard, Louisiana  
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2006**

We have audited the basic financial statements of the governmental activities and each major fund of the Fortieth Judicial District Court, a component unit of St. John the Baptist Parish, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2006 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

**a. Report on Internal Control and Compliance Material to the Financial Statements**

**Internal Control**

Material Weaknesses    **No**    Reportable Conditions    **No**

**Compliance**

Compliance Material to Financial Statements    **Yes**

**b. Federal Awards    N/A**

**Internal Control**

Material Weaknesses    ☐ Yes    ☐ No    Reportable Conditions    ☐ Yes    ☐ No

Type of Opinion On Compliance    Unqualified    ☐ Qualified    ☐

For Major Programs    Disclaimer    ☐ Adverse    ☐

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?    ☐ Yes    ☐ No

**c. Identification of Major Programs:    N/A**

CFDA Number (s) Cluster)	Name of Federal Program (or
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Dollar threshold used to distinguish between Type A and Type B Programs:

\$ \_\_\_\_\_

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?    ☐ Yes    ☐  
No



**Section II Financial Statement Findings**

**2003-1**

**LOUISIANA LOCAL GOVERNMENT BUDGET LAW**

**Criteria or specific requirement:** The Louisiana Local Government Budget Law, Title 39:1301 requires that "All political subdivisions with a general or special revenue fund must prepare budgets on these funds." Furthermore Title 39:1302(k) defines political subdivision as "judges, but only insofar as their judicial expense funds, as provided for in Title 13 of the Louisiana Revised Statutes of 1950."

**Condition found:** There was no budget prepared.

**Effect:** The Louisiana Local Government Budget Law was violated.

**Cause:** The Fortieth Judicial District stated in prior years that it was not required to prepare a budget.

**Questioned costs:** None

**Recommendations:** The Fortieth Judicial District Court complies with the Louisiana Local Government Budget Law in preparing and adopting a budget for the general fund – the judicial expense funds for the year ending December 31, 2006.

## **OTHER SUPPLEMENTAL INFORMATION**

### ***PRIOR AUDIT FINDINGS***

*The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings.*

### ***CORRECTIVE ACTION PLAN***

*The corrective action plan for current year audit findings is presented in this schedule.*

**FORTIETH JUDICIAL DISTRICT COURT  
ST. JOHN THE BAPTIST PARISH  
EDGARD, LOUISIANA**

Summary Schedule of Prior Year Findings  
For the Year Ended December 31, 2006

REFERENCE #	DESCRIPTION OF FINDING:	CORRECTIVE ACTION
SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS		
2003-1	There was no budget prepared for December 31, 2006.	Unresolved
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS		
NOT APPLICABLE		
SECTION III - MANAGEMENT LETTER		
2003-2	The Fortieth Judicial District Court was not adequately secured under state law.	Resolved

**NOTES TO SCHEDULE:**

This summary schedule includes all prior audit findings and management letter findings.

In the reference number, the first 4 digits are the year that the audit finding related to.

**FORTIETH JUDICIAL DISTRICT COURT  
ST. JOHN THE BAPTIST PARISH  
EDGARD, LOUISIANA**

Corrective Action Plan  
For the Year Ended December 31, 2006

REFERENCE	DESCRIPTION OF FINDING:	CORRECTIVE ACTION:	CONTACT:
<b>SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>			
2003-1	LOUISIANA LOCAL GOVERNMENT BUDGET ACT	We will prepare and adopt a budget for the general fund - the judicial expense funds for the year ending December 31, 2007.	Judge Sterling Snowdy
<b>SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>			
NOT APPLICABLE			
<b>SECTION III - MANAGEMENT LETTER</b>			
NOT APPLICABLE			

**NOTES TO SCHEDULE:**

This schedule includes all current audit findings and management letter comments.

In the reference number, the first 4 digits are the year that the audit finding related to.